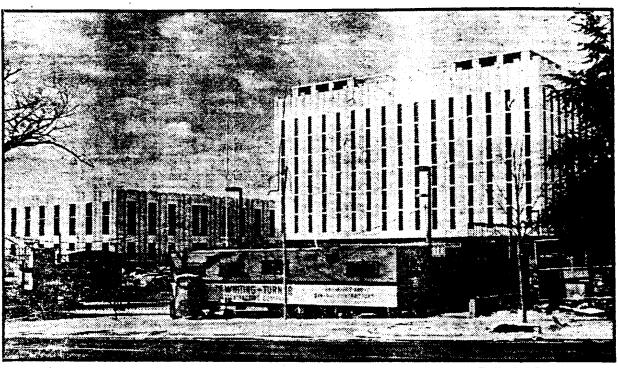
ON PAGE

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Hill With Topflight Electronic View



The New York Times/George Tames

The new Soviet Embassy being built on Mount Alto, near intersection of Wisconsin and Massachusetts Avenues.

Special to The New York Times

WASHINGTON, Jan. 27 — In intelligence circles, the site of the new Soviet Embassy in Washington is considered the biggest giveaway since Peter Minuit got Manhattan in 1626 for the equivalent of \$24.

Near the intersection of Wisconsin and Massachusetts Avenues where upper Georgetown and Glover Park crest at the top of a hill called Mount Alto, 350 feet above sea level, the site has a commanding view of the entire Washington area.

In the arcane world of electronic spying, the site is described as an ideal place to monitor government, commercial and private communications flowing into, out of and over Washington. "From an eavesdropping standpoint, that's one of the most magnificent vantage points in Washington," a senior American intelligence official said.

By contrast, intelligence officials say, the new United States Embassy in Moscow is being built in the middle of the city where surrounding buildings will limit the ability to monitor Soviet communications.

Still Some Debate on It

How the Soviet Union ended up with the Mount Alto site remains the subject of considerable debate 16 years after Washington and Moscow reached agreement on the construction of new embassies. That agreement, six years in the making, provided new sites in exchange for each other and permitted each country to bring in its own construction crews to work on the interior of its new chanceries, to prevent the installation of bugs.

bugs.

The main reason the Russians got such a favorable spot, according to intelligence and State Department officials, was that electronic eavesdropping was relatively primitive at the time and American officials were not aware of the site's potential advantages. The property, once used by a Veterans Administration hospital, was also surplus Federal land.

The United States and the Soviet Union have each invested billions of dollars in trying to intercept the communications of the other. Much of this is done from satellites. In addition, the United States and its allies, particularly Britain, maintain

U.S. was unaware then of the site's advantages to the Soviet, and it was surplus land.

ground stations in Europe and Asia to track Soviet communications.

The Soviet Union, in turn, operates a large ground station in Cuba that American intelligence officials say is able to monitor almost all domestic communication, including telephone and television, that is relayed to and from the East Coast by satellite. Electronic spying is considered vital by both countries. One of the most sensitive applications, according to intelligence officials, is monitoring the electronic data, telemetry, that are transmitted by missiles and reentry vehicles in tests.

The tracking of missiles as they fly down range is carried out by satellites, ground stations and specially-equipped aircraft and ships. This kind of monitoring has played a key role in the ability of both countries to verify compliance with arms agreements.

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The Soviet eavesdropping in Washington is designed to pluck off any stray unsecured Government communications as well as communications involving commercial transactions, largesly unprotected, and even private telephone conversations, intelligence officials say. The United States tries to do the same in Moscow. For a brief period in the 1970's, according to intelligence officials, the United States was able to monitor the radio telephone conversations of Soviet leaders as they drove around Moscow in their limousines.

The site of the new Soviet Embassy, the officials say, provides a clear sight line to the State Department, the White House, Defense Department, Commerce Department and a number of important foreign compounds, including the British, West

German and French Embassies. Even Central Intelligence Agency headquarters in suburban Virginia is partly in electronic view. It also offers a largely unobstructed view of several key microwave relay towers that serve as the conduit for most telephone and data-transmission communications from Washington to other cities on the East Coast.

Gymnasium Is Included

When completed in several years, the 10-acre Soviet compound will have a nine-story apartment building, a small school, a gymnasium, an eight-story administration building and a residence for the ambassador. The apartment building and school are already occupied.

Exotic antennas and dish-shaped receivers will be tucked away in these buildings, according to American intelligence officials. They said some were already in operation.

To counter Soviet spying from the new site as well as from other Soviet installations in the area, not to mention satellites and ships off shore, the Government, working with the phone company, has tried to route nearly all sensitive calls in the Washington area on underground cables. In addition, the Government has invested heavily in the development and installation of secure telephones. Government messages to posts abroad are encoded.

Moynihan Wants a Change

Many commercial and most private communications, however, are not handled on secure lines or encoded.

Senator Daniel Patrick Moynihan, Democrat of New York, has tried unsuccessfully since 1977 to get Congress to approve a foreign surveillance prevention act that would give the President the power to expel any foreign diplomats found to be involved in electronic spying. When he introduced the legislation again earlier this month, Mr. Moynihan called it "an effort to address what must properly be regarded as the gravest threat to Americans' right to privacy which has yet arisen."

"I refer to the well-known Soviet practice," he said, "of making use of its diplomatic establishments in this country to monitor the telephone conversations of Americans on a truly sweeping scale."